

**MUSKOKA COMMUNITY FOUNDATION**  
**Financial Statements**

Year ended December 31, 2013

**MUSKOKA COMMUNITY FOUNDATION**  
**Financial Statements**

Year ended December 31, 2013

**Contents**

Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Changes in Fund Balances	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12

**J. Gordon Sedgwick**, BBA, CFP, CPA, CA  
**Randolph M. Post**, CPA, CA  
**Steven W. Hogg**, BA, CPA, CA  
**Joel W. N. Rumney**, Hon. B. Acc., CPA, CA



600 Hugel Avenue  
Midland, Ontario L4R 1W4  
(705) 527-6555  
Fax (705) 528-7050  
[www.georgianbayaccountants.ca](http://www.georgianbayaccountants.ca)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors, **MUSKOKA COMMUNITY FOUNDATION**

We have audited the accompanying financial statements of Muskoka Community Foundation, which comprise the statement of financial position as at December 31, 2013, and the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Muskoka Community Foundation as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

A handwritten signature in black ink that reads "Sedgwick Post &amp; Hogg LLP". The signature is written in a cursive, flowing style.

Midland, Ontario  
June 26, 2014

LICENSED PUBLIC ACCOUNTANTS  
CHARTERED ACCOUNTANTS

# MUSKOKA COMMUNITY FOUNDATION

## Statement of Financial Position

December 31, 2013

	2013	2012
<b>Assets</b>		
Current assets		
Cash	\$ 15,657	\$ 31,762
Accounts receivable	2,132	1,964
	<u>17,789</u>	<u>33,726</u>
Investments, at market value (Note 3)	346,225	274,631
	<u>\$ 364,014</u>	<u>\$ 308,357</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,549	\$ 3,259
Deferred operating grant (Note 4)	12,200	7,726
	<u>16,749</u>	<u>10,985</u>
<b>Fund Balances</b>		
Endowment fund (Note 5)	338,042	291,095
Restricted fund (Note 6)	13,279	9,909
Operating fund	(4,056)	(3,632)
	<u>347,265</u>	<u>297,372</u>
	<u>\$ 364,014</u>	<u>\$ 308,357</u>

The Auditor's opinion and notes to financial statements form an integral part of this report.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# MUSKOKA COMMUNITY FOUNDATION

## Statement of Changes in Fund Balances

Year ended December 31, 2013

	Endowment Fund (Note 5)		Restricted Fund (Note 6)		Operating Fund		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Balance, beginning of year	\$ 291,095	\$ 242,627	\$ 9,909	\$ 10,485	\$ (3,632)	\$ (1,652)	\$ 297,372	\$ 251,460
Excess (deficiency) of revenue over expenses for the year	50,147	52,832	3,370	(576)	(3,624)	(6,344)	49,893	45,912
Inter-fund transfers (Note 7)	(3,200)	(4,364)	-	-	3,200	4,364	-	-
<b>Balance, end of year</b>	<b>\$ 338,042</b>	<b>\$ 291,095</b>	<b>\$ 13,279</b>	<b>\$ 9,909</b>	<b>\$ (4,056)</b>	<b>\$ (3,632)</b>	<b>\$ 347,265</b>	<b>\$ 297,372</b>

The Auditor's opinion and notes to financial statements form an integral part of this report.

# MUSKOKA COMMUNITY FOUNDATION

## Statement of Operations

Year ended December 31, 2013

	Endowment Fund (Note 5)		Restricted Fund (Note 6)		Operating Fund		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue								
Government funding (Note 4)	\$ -	\$ -	\$ -	\$ -	\$ 20,323	\$ 12,774	\$ 20,323	\$ 12,774
Donations								
Non-receipted	19,522	27,145	-	98	514	225	20,036	27,468
Received	9,735	11,375	13,251	10,167	3,775	2,250	26,761	23,792
Investment income	45,069	28,036	998	672	-	-	46,067	28,708
Administration fees (Note 8)	(5,779)	(4,724)	(334)	(314)	2,430	2,026	(3,683)	(3,012)
Event fees	-	-	-	-	1,350	-	1,350	-
	68,547	61,832	13,915	10,623	28,392	17,275	110,854	89,730
Operating expenses								
Conferences	-	-	-	-	50	140	50	140
Dues, fees, licences	-	-	-	-	500	500	500	500
Event expenses	-	-	-	-	1,262	-	1,262	-
Insurance	-	-	-	-	1,485	1,056	1,485	1,056
Office and general	-	-	-	-	849	2,206	849	2,206
Printing	-	-	-	-	634	115	634	115
Professional fees	-	-	-	-	2,780	2,904	2,780	2,904
Promotion	-	-	-	-	1,747	1,140	1,747	1,140
Staff education and travel expenses	-	-	-	-	169	351	169	351
Telephone	-	-	-	-	1,084	997	1,084	997
Travel	-	-	-	-	794	933	794	933
Wages and benefits	-	-	-	-	20,002	12,477	20,002	12,477
Website design and maintenance	-	-	-	-	660	800	660	800
	-	-	-	-	32,016	23,619	32,016	23,619
Excess (deficiency) of revenue over expenses before grants disbursed and transfers	68,547	61,832	13,915	10,623	(3,624)	(6,344)	78,838	66,111
Grants disbursed and transfers	(18,400)	(9,000)	(10,545)	(11,199)	-	-	(28,945)	(20,199)
Excess (deficiency) of revenue over expenses for the year	\$ 50,147	\$ 52,832	\$ 3,370	\$ (576)	\$ (3,624)	\$ (6,344)	\$ 49,893	\$ 45,912

The Auditor's opinion and notes to financial statements form an integral part of this report.

# MUSKOKA COMMUNITY FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2013

	2013	2012
Cash provided by (used in):		
Operations		
Excess of revenue over expenses for the year	\$ 49,893	\$ 45,912
Donations paid directly to externally invested funds	(15,501)	(14,765)
Investment income from externally invested funds	(46,067)	(28,708)
External investment administrative fees	3,683	3,012
	(7,992)	5,451
Change in non-cash working capital balances related to operations		
Accounts receivable	(168)	(495)
Accounts payable and accrued liabilities	1,290	661
Deferred operating funding	4,474	7,726
	(2,396)	13,343
Investing activities		
Withdrawals from externally invested funds	28,880	25,325
Transfers from cash to investments	(42,589)	(8,800)
	(13,709)	16,525
Net increase (decrease) in cash	(16,105)	29,868
Cash position, beginning of year	31,762	1,894
Cash position, end of year	\$ 15,657	\$ 31,762

The Auditor's opinion and notes to financial statements form an integral part of this report.

# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

---

### 1. Purpose of the Foundation

The Muskoka Community Foundation [the "Foundation"] is incorporated without share capital under the laws of Ontario. The objective of the Foundation is to connect philanthropy with community needs and opportunities to make the District Municipality of Muskoka a better place to live, work, learn and grow.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

### 2. Summary of significant accounting policies

The financial statements are prepared in accordance with Part III of the Canadian Institute of Chartered Accountants' ("CICA") Handbook – Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

#### Fund accounting

All donations received by the Foundation are classified into Funds, according to the restrictions placed on them by the donors or by the Board of Directors (the "Board") of the Foundation. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

For financial reporting purposes, the accounts have been classified into the following funds:

#### (a) Endowment Fund

Endowment Funds are established for gifts where the capital is required to remain at the Foundation in perpetuity. The Endowment Fund is increased by the proportionate share of investment returns allocated to Endowment Fund capital, less amounts allocated to grants and administrative and investment fees. The Board also has a policy to transfer certain donations to the Endowment Fund where there is no current intention of making the original donation available for grants (internally endowed Restricted Term Funds).

#### (b) Restricted Fund

The Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor or project funder.

Restricted Flowthrough Funds are not restricted as to the timeframe in which capital may be spent. It is generally expected that the capital of these Funds will be granted within one to two years of its donation, although it may be granted immediately, in whole or in part.

See Auditor's Report



# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

---

### 2. Significant accounting policies (continued)

#### (c) Operating Fund

The Operating Fund comprises the unrestricted resources available for the Foundation's immediate operating purposes. The use of these funds is at the discretion of the Foundation's Board.

#### Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received. Contributions which the donor has required to be held in perpetuity are recognized as revenue in the Endowment Fund. Restricted contributions are recognized as revenue in the Restricted Fund. Unrestricted contributions are recognized as revenue in the Operating Fund.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds and realized and unrealized capital gains and losses, is recorded in the statements of revenue and expenses and changes in fund balances.

The Foundation has a policy with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending (granting and operating costs) and requiring the reinvestment into the Endowment Fund of income not made available. An amount representing 2% (2012- 2%) of the market value of most of the Fund balances was made available to cover investment management fees, and program and administrative expenses.

#### Financial Instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that are designated upon purchase to be measured at fair value. Transaction costs are recognized in the statements of revenue and expenses and changes in fund balances in the period during which they are incurred.

All transactions are recorded on a trade date basis.

Other financial instruments, including accounts receivable and accounts payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

See Auditor's Report

# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

---

### 2. Significant accounting policies (continued)

#### Grants

Grants are recorded when approved by the Foundation's Board and any terms and conditions have been met by the grantee.

#### Contributed goods and services

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty in determining fair value, contributed goods and services are not recognized in the financial statements.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit.

#### Foreign currency translation

Foreign currency denominated monetary assets and liabilities have been translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position dates. Foreign currency denominated revenue and expenses are translated at the rates prevailing on the transaction date. Gains and losses on current monetary assets and liabilities resulting from translation of foreign currencies are recognized in the statements of revenue and expenses and changes in fund balances during the year in which they arise.

### 3. Investments

All of the investments of The Foundation are managed by the Toronto Community Foundation under an Investment Pooling Agreement. The Toronto Community Foundation's objective for investments under its management is to generate a total return that achieves the granting objectives, recovers the cost of administering the funds, protects the purchasing power of the capital, and establishes a reserve for future market declines. The Toronto Community Foundation has adopted an active investment approach, whereby the investments referred to below are currently managed by one active manager and one index fund manager.

See Auditor's Report

# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

### 3. Investments (continued)

The Toronto Community Foundation holds a significant portion of its investments in a pool that invests in pooled funds managed by external investment managers. Investment income (loss) earned on the investments held by the Toronto Community Foundation in this pool is allocated to the Funds based on monthly market values.

Investments, as part of the pooled funds of the Toronto Community Foundation, at market value, consist of the following:

	2013	2012
	%	%
<b>Asset Class</b>		
Cash and cash equivalents	3	1
Fixed income securities	27	32
Canadian equities	13	29
U.S. equities	10	19
Other foreign equities	20	18
Other investments	27	1
	100	100

Investments in pooled funds have been allocated to the appropriate asset classes.

### 4. Government Funding

On March 1, 2012 the Muskoka Community Foundation entered into a four year funding agreement with The Ontario Trillium Foundation ("Trillium") to assist the Foundation in reaching investment targets and in building long-term sustainability for its core operations. The total approved funding over the four year term is \$94,000. Proceeds of \$24,500 were received during the current fiscal year (2012 - \$20,500). Of this amount \$20,026 (2012 - \$12,774) has been reported as revenue on the statement of operations and \$12,200 (2012 - \$7,726) has been reported as deferred revenue on the statement of financial position.

During the year the Foundation also received a \$297 (2012 - Nil) hiring credit for small business from the Government of Canada.

See Auditor's Report

# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

---

### 5. Endowment Fund

(a) The Endowment Fund consists of the following:

	2013	2012
<b>Community Funds</b>		
Funds where grants are distributed at the discretion of the Foundation's Board	\$ 29,661	\$ 18,051
Funds where grants have been designated for operations by the donors	10,158	9,946
<b>Donor Advised Funds</b>		
Funds where grants are distributed to charitable organizations designated by the donors at the time the fund is established or advised annually by the donors	298,223	263,098
	<b>\$ 338,042</b>	<b>\$ 291,095</b>

(b) The Restrictions on the Endowment Fund are as follows:

	2013	2012
Externally endowed in perpetuity	\$ 338,042	\$ 291,095

---

See Auditor's Report

# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

### 5. Endowment Fund (continued)

(c) A summary of the existing Endowment Fund is as follows:

	Balance beginning of year	Contributions	Investment Income	Grants	Administration Fees	Inter-fund	Balance end of year
Administration Fund	\$ 9,947	\$ 150	\$ 1,441	\$ -	\$ (180)	\$ (1,200)	\$ 10,158
Stan Darling Environmental Education Fund	153,236	17,005	23,687	(8,400)	(3,054)	-	182,474
Steve and Linda Lowden Fund	109,862	-	17,054	(7,000)	(2,167)	(2,000)	115,749
Smart & Caring Fund (formerly Muskoka Fund)	18,050	12,102	2,887	(3,000)	(378)	-	29,661
	\$ 291,095	\$ 29,257	\$ 45,069	\$ (18,400)	\$ (5,779)	\$ (3,200)	\$ 338,042

### 6. Restricted Fund

The Restricted Fund balance consists of the following amounts available for restricted purposes:

	2013	2012
Unspent Restricted Flowthrough funds	13,279	9,909

The Restricted Fund consists of the following:

	Balance beginning of year	Contributions	Investment Income	Grants	Administration Fees	Inter-fund	Balance end of year
Flowthrough funding	\$ 9,909	\$ 13,251	\$ 998	\$ (10,545)	\$ (334)	\$ -	\$ 13,279

See Auditor's Report

# MUSKOKA COMMUNITY FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2013

### 7. Inter-fund transfers

During 2013 the Foundation received direction to transfer \$2,000 from a donor advised fund to the Operating Fund. In addition, the Board approved the transfer of \$1,200 from the Administration Fund to the Operating Fund.

### 8. Administrative fees

During the year administration fees were charged to the Endowment Fund and Restricted Fund as follows:

	2013	2012
Administration fees charged to the Endowment Fund		
Charged by the Operating Fund	\$ 2,167	\$ 1,772
Charged by the Toronto Community Foundation	3,612	2,952
	<u>5,779</u>	<u>4,724</u>
Administration fees charged to the Restricted Fund		
Charged by the Operating Fund	263	254
Charged by the Toronto Community Foundation	71	60
	<u>334</u>	<u>314</u>
	<u>\$ 6,113</u>	<u>\$ 5,038</u>

### 9. Financial Instruments

The Foundation is exposed to various financial risks through transactions in financial instruments.

Cash and cash equivalents consist of cash on deposit, accounts receivable, and accounts payable and accrued liabilities. It is management's position that the Foundation is not exposed to significant interest or credit risks arising from these instruments.

The Foundation is subject to currency risk, credit risk, interest rate risk, and other price risk with respect to investments held in pooled funds managed by the Toronto Community Foundation.

### 10. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

See Auditor's Report